



PROCUREMENT NEWS AND NOTES

Change in State Procurement Bureau Leadership. Effective December 13, 2004, Brad Sanders took over as the Bureau Chief of the State Procurement Bureau. Penny Moon assumed Brad's previous role as the Senior Contracts Officer. Both of these individuals bring years of experience to their positions and are ready to provide assistance and leadership to state agencies for any issues they may have in public procurement. Brad can be reached at 444-1459 and Penny is at 444-3313.

Central Stores Program. The Department of Administration will shortly be soliciting proposals from the private sector to provide desktop delivery of office supplies, paper and janitorial products. This will replace the current Central Stores program and will include on-line ordering of office supplies. Deliveries will be made throughout Montana on a next day or second-day basis.

This transition will occur over the next six months with the central stores program closing its doors no later than June 30, 2005, after 24 years of outstanding service. Please contact Marvin Eicholtz at 444-3119 for more information.

Proposed Legislation. The bill to revise the Montana Procurement Act is House Bill 67. Please contact Sheryl Olson at 444-3315 for legislative updates.

IT Contract Revisions. Two revisions to the Information Technology Contract were recently completed. A new section was added entitled "Limitation of Liability," which clarifies that except for damages caused by injury to persons or tangible property, or related to defending intellectual property provided under the contract, a contractor's liability for contract damages is limited

to direct damages. The other major change involved adding a section entitled "Contract Performance Assurance." This section provides a schedule for milestones/deliverables and withholding of payment until these are met. This section also includes the options of including an escrow agreement and/or contract performance security. These changes were long in coming and hopefully will address the concerns of the vendor community. Many thanks to the Information Technology Services Division staff for their help in working through these contract revisions. We expect to carry some of these changes over to the standard contract template in the near future. The revised IT contract has also been included in the IT RFP Template. Both documents can be accessed on the GSD website at:

<http://www.discoveringmontana.com/doa/gsd/procurement/forms.asp>.

Recent IT Conference. The Information Technology Services Division of the Department of Administration recently hosted the 2004 Montana Government IT Conference on December 1, 2 and 3 at the Red Lion Colonial Inn in Helena. Guest speakers were John Zachman, the world's leading expert on Enterprise Architecture, and John Loether, a senior technology consultant at Hewlett Packard. Their presentations and other staff conference presentations are available online at the following website:

http://discoveringmontana.com/itsd/itgov04/itgov04_presentations.asp. The State Procurement Bureau salutes ITSD for hosting the conference and reaching out to the vending community to explain procurement issues and hear concerns.

Improvements to the One-Stop Bid and Proposal Website. As always, we are looking for ways to improve the One-Stop Bid and Proposal

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Website in order to make it a user-friendly and informative website for you and your vendors. Our intention is to upgrade this website in the near future. Please send any comments or suggestions for improvement to Bonny Belling at bbelling@state.mt.us.

Information Regarding New Temporary Services Term Contract

The new temporary services term contract (SPB05-1007P) specifically addresses clerical services and lists contracted rates for **several contractors**. The contract is non-exclusive, meaning agencies can access services from any of the contractors listed, or choose not to use the term contract and obtain services from other temporary service providers. However, if agencies choose not to use the term contract, appropriate procurement methods must be utilized to put other contracts in place.

The State was unable to include the "other services" category in the contract because of prevailing wage issues. If an agency needs to contract for services other than the clerical services listed in the term contract, it can negotiate with the term contract contractors or any other temporary service provider. Again, remember to utilize appropriate procurement practices, including the prevailing wage requirement if the total contract amount is \$25,000 or more.

Some contractors have sent letters to agencies that may have given the impression that they are the sole (or best) contractor for these services. **Please note that all areas have at least two contractors available** and some areas have more (there are four contractors for the Helena area).

The term contract information and individual contracts with each provider can be accessed on the General Services Division website at: <http://www.discoveringmontana.com/doa/gsd/procurement/TermContracts/TempServices/Default.asp>. Please contact Penny Moon at 444-3313 or pmoon@state.mt.us if you have any further questions or concerns regarding this term contract.

SABHRS PURCHASING MODULE NEWS

"Procure to Pay" - Old Process - New Name.

We would like to bring to your attention a process in the Financials Module that has been around since the beginning of time! This old process is being given a new name, "Procure to Pay." What is "Procure to Pay" you ask? Simply the most efficient, streamlined process of entering a purchase order and taking it directly to a purchase order voucher! Listed below are just a few of the highlights of this process:

1. One-time entry of pertinent information;
2. Purchase orders and resulting vouchers are immediately available and can be viewed by staff across town or across the state;
3. Powerful reporting capabilities; and
4. Stupendous support and training!

A presentation highlighting this process was given on December 8, 2004; however, if you would like to have a demonstration of this process given at your worksite, please contact Bonny Belling at 444-3322 or by email at bbelling@state.mt.us.

Purchase Order Training. SABHRS has developed a new training class called Purchase Orders. This class introduces the Purchasing Module to new users and gives instructions on how to enter, edit, approve, budget check, and dispatch purchase orders, as well as how to take a purchase order directly into a voucher to quickly and easily create vendor payments.

The first Purchase Order training class was presented on December 14, 2004, however the class will be conducted on a regular basis, approximately every two months. If the demand is there, SABHRS is happy to offer it more frequently.

Information regarding this class and other training classes presented by SABHRS can be found on the MINE at Training > SABHRS Training.

PRINT AND MAIL SERVICES NEWS AND NOTES

Outgoing Mail Procedures. Mail Services would like to review the agency outgoing mail procedures. The use of the State Mail Authorization Card (SMAC card) is no longer required, however, the agency personnel responsible for preparing mail for Mail Services still need to organize the mail per certain conditions. Each classification of mail must be banded separately with the mail code indicated on the top piece of each group. The following are the classes of mail that need to be handled separately:

- Foreign Mail (Note: The country name must be the last line of the address block.)
- Accountable Mail (Certified, Registered or Insured mail)
- Standard Rate Mail
- Mail that is addressed by hand
- Mail with computer generated addressing (also indicate if you need to change from the standard "Return Service Requested" endorsement to the "Address Service Requested" endorsement)
- Deadhead Mail.

Any mail that is addressed to an APO address must include a customs form. Please contact Dennis McAlpin at 444-4190 for any questions, mail forms or labels that you need for mail processing.

Mail Preparation Improvements. Print Services has made exciting strides in the area of mail preparation. As you know, we currently have two envelope inserters. We insert standard #10 envelopes, but also do larger booklet envelopes and smaller envelopes. If you have data files that you want printed and inserted, we will handle all the merging of data files and address files and print the document. Other mail preparation services we offer include ink jetting addresses and tabbing per postal requirements. Jim Ahern, the Print to Post Coordinator, will give you estimates on your project and make sure that the USPS rate is the best for your project.

PUBLIC VEHICLE FUELING

Help is on the Way. Beginning in January, Wright Express (WEX), the State's fleet card contractor, will exempt the federal excise tax on clear diesel purchases made on the State's fleet card within Montana using a method approved by the IRS. To comply with IRS regulations, WEX will re-price the fuel from retail to a statewide indexed price. Initially, the repricing and exemption will be a manual process and will only appear as a lump-sum credit on each invoice in the month following the purchase. Until the process is fully automated, the original invoiced pricing will reflect retail, not the repriced amount, but WEX will provide a spreadsheet indicating retail and repriced values for each affected transaction.

The current process for purchasing gasoline net of the federal excise tax could change soon as a result of language contained in the Jobs Creation Act of 2004, but will not take effect until March 1, 2005. Congress may address this issue prior to March 1, 2005, and the IRS is committed to assisting Congress with some type of fix for the problematic legislation.

Don't Sweat the Small Stuff. As mentioned previously, the Vehicle Fueling Program is funded by a .005 (one-half of one percent) monthly service fee collected by Wright Express on the State's behalf. The fee is assessed in the month following the purchases, which may present problems for those accounts that only fuel sporadically, as WEX may be sending out invoices for amounts less than a dollar. Please do not process payments for very low dollar amounts. Wait until there is a true balance due in addition to the accounting fee. Please contact program manager Tom Gustin at 444-3312 or e-mail tgustin@state.mt.us, if you have questions regarding fuel tax exemptions.

PURCHASING CARD

Nothing Final to Report. As of press time, the RFP award to establish a new purchasing card contract for the 3,500 cardholders across the state has not been finalized. The State exercised the option to solicit Best and Final Offers from the finalists. A determination of award is expected by early January.

QUESTION OF THE QUARTER

If I issue a bid that will result in a contract instead of a purchase order, should I be attaching the contract template to the bid document?

Yes. If you anticipate issuing a contract instead of a purchase order as the result of an invitation to bid, you should attach a copy of the contract template to the solicitation document. That way, the vendor is aware that all the contract clauses, i.e., insurance, transition assistance, contract performance assessment, will be in place and required over the course of the contract. Some examples where this option may be used are long-term maintenance contracts for equipment purchases and janitorial services. Using a contract in lieu of a purchase order is generally a good idea where the contractor will be providing services over the course of time rather than just a one-time purchase of supplies or materials.

PURCHASING CARD, cont.

Please Watch Carefully! GE's Fraud Unit has detected some attempted fraudulent purchases on some of our purchasing card accounts. The scam is referred to as "Credit Master," wherein a perpetrator launches a computer program that attempts to run the same mathematical algorithms that the financial industry uses to create valid credit card account numbers. The "crooks" then test the resulting account numbers on valid merchants or will pose as a merchant contacting the merchant's financial institution to see if an account number is valid. When GE detects this type of purchase, it blocks the account and attempts to contact the cardholder using the work number from the cardholder application and immediately contacts us before issuing a replacement card. If a certain range of account numbers appear to have been compromised, GE will replace potentially affected cards. Please pay close attention when reconciling purchasing card transactions to receipts and notify Tom Gustin at 444-3312, e-mail tgustin@state.mt.us if any irregularities are noted.

TERM CONTRACT UPDATES

Microfilm Equipment and Supplies, SPB-01-025D. This contract has been renewed through December 31, 2005. Current contract holders for this "exclusive" contract are Anacomp, Filmindex, Montana Office Systems and Stringer Business Systems of Montana, Inc. Please direct any questions concerning this contract to Rhonda Grandy at 444-3320.

Car Rental Rates, SPB03-683D. This contract has been renewed through December 31, 2005. This is the first renewal, third year of this "non-exclusive" contract. Current contract holders are Avis and Enterprise. For questions on this contract, call Rhonda Grandy at 444-3320.

THINK ABOUT IT

A sense of humor is part of the art of leadership, of getting along with people, of getting things done.

Dwight D. Eisenhower

PURCHASING USERS GROUP

Through a special grant from the Western States Contracting Alliance, the State Procurement Bureau offered special training to the PUG group in December. Theodore Lucas, a procurement manager/attorney from Miami-Dade County in Florida, presented a course on "Embracing a Competition Culture: The Sole Source Dilemma." Cort Jensen, from the Montana Consumer Protection Office, then spoke on "Beware of Anti-Trust Issues in State Contracting." Their PowerPoint presentations are available on the GSD website under Purchasing Users Group Meetings.

The next meeting of the Purchasing Users Group will be Thursday, April 21, 2005, from 1 p.m. to 4 p.m. in the Public Health and Human Services Auditorium, 111 North Sanders in Helena.

ABOUT THIS NEWSLETTER

"GSD Update" is published quarterly by the General Services Division of the Montana Department of Administration. For more information, or to get on the mailing list, contact us at (406) 444-2575. Our address is: P.O. Box 200135, Helena, MT 59620-0135. Fax number: (406) 444-2529. Website address: www.discoveringmontana.com/doa/gsd.